

WHITTLESEA PLANNING SCHEME AMENDMENT C241

Economic Assessment

Expert Witness Evidence

Alex Hrelja, Principal, Hill PDA
Pty Ltd

Instructed by Hall & Wilcox Lawyers
on behalf of 1100 Donnybrook Road
Pty Ltd

Final – 28 October 2020

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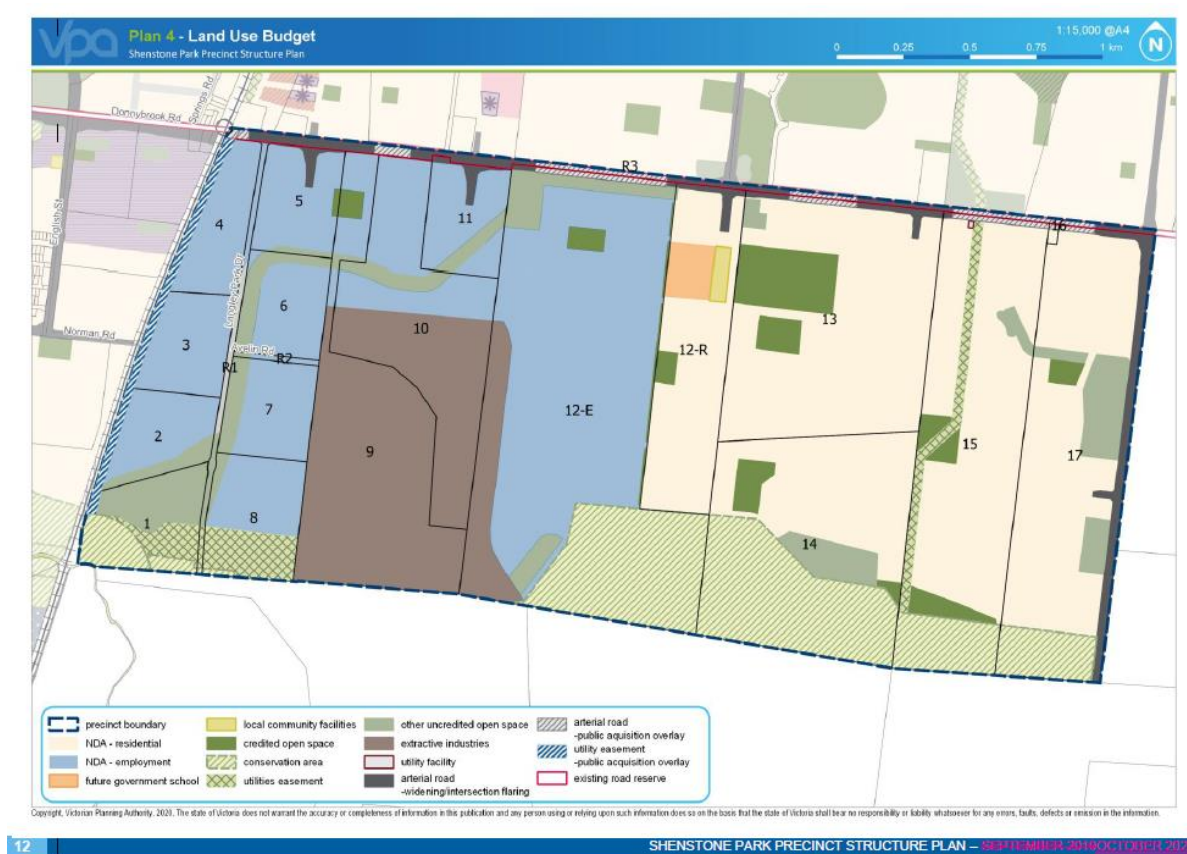
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1.0 INSTRUCTIONS

1. Hall & Wilcox Lawyers, on behalf of 1100 Donnybrook Road Pty Ltd (a related entity of Ouson), instructed me to provide Expert Evidence in relation to the proposed Planning Scheme implementation of the Shenstone Park Precinct Structure Plan (PSP).
2. Ouson's land is parcel 15 in Figure 1 below.
3. I have been instructed to prepare expert economic evidence in relation to the merits of the amendment with a focus on the buffers to the former Phillips Quarry as it impacts the Ouson land holding in the PSP.
4. I understand that the location and extent of the Phillips Quarry buffer is a matter that is in issue.
5. My evidence focuses on the residential component of the PSP but not the employment area.

Figure 1: Land Parcels in Shenstone Park PSP



Source: Victorian Planning Authority

2.0 CREDENTIALS

6. I, Alex Hrelja, make this statement to assist the Panel appointed to hear matters in relation to proposed Amendment C241 to the Whittlesea Planning Scheme.
7. I am an urban economist and planner, having qualifications in planning and business (property). I am a Member of the Planning Institute of Australia. I am a Principal Consultant of Hill PDA Pty Ltd (HillPDA) and have managed the Melbourne office of the firm since 2013. I was previously a Director of SGS Economics and Planning Pty Ltd for approximately 8 years. I have worked in the field of urban economics for about 25 years.
8. Attachment 1 provides an overview of HillPDA Pty Ltd. A sample of my experience in urban economics and growth area analysis and planning is shown in Attachment 2.
9. My business address is Suite 114, 838 Collins Street, Docklands 3008.

3.0 INFORMATION RELIED UPON

10. For this Expert Evidence, I have relied upon:

- Amendment documents, including submissions which raise issues related to my area of expertise.
- Shenstone Park Precinct Structure, Victorian Planning Authority, October 2020 (track changes Panel version 12/10/20) – hereafter called PSP.
- Draft Shenstone Park Precinct Structure Plan, Future Urban Structure, Victorian Planning Authority, 27/08/2020.
- Shenstone Park Background Report, Victorian Planning Authority, September 2019.
- GHD Quarry impact assessment 2017 and addendum 2019.
- Land ownership information provided by Hall & Wilcox.
- Other data sources and HillPDA estimates quoted in this document.

11. For this statement I received assistance from HillPDA staff for GIS mapping and calculation of land area estimates.

4.0 PLANNING FRAMEWORK

Vision and Future Urban Structure

12. The vision for the residential component of the PSP area is summarised as follows:

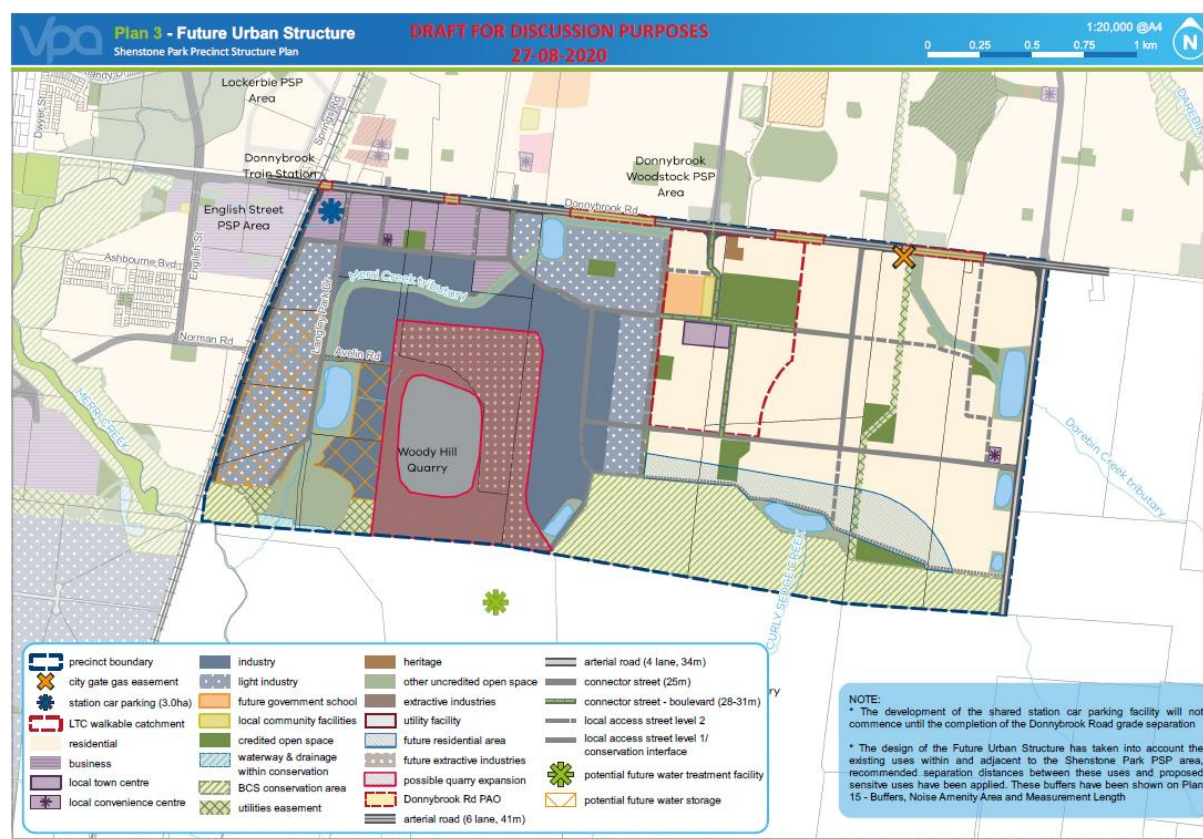
- Shenstone Park will be a self-sufficient precinct that will deliver a wide range of housing types and uses.
- The neighbourhood will be an urban extension to the Donnybrook-Woodstock and English Street areas.
- The Local Town Centre (LTC) will act as the heart of the precinct and promote self-sufficiency for residents in meeting daily retail and convenience shopping needs, community uses and recreation opportunities.
- Development will respond to conservation areas to the south-east and south-west, which provide habitat for nationally listed flora and fauna.
- Where appropriate, conservation features will be used to help protect and separate key existing economic and employment generators, including the Woody Hill Quarry, and Phillips Quarry and Wollert Wastewater Recycling Treatment Plant immediately south of the precinct, from urban development.

13. The Draft Future Urban Structure (FUS) is shown in Figure 2 below.

14. A summary of land area in the draft FUS are as follows:

- | | |
|-------------------------------|----------------------|
| – Gross area: | 628.22 hectares (ha) |
| – Net developable area (NDA): | 324.88 ha |
| – Residential NDA: | 193.62 ha |
| – Employment NDA: | 131.26 ha |

Figure 2: Shenstone Park PSP – Draft Future Urban Structure



Source: Victorian Planning Authority

Dwellings and Population

15. The residential component of the PSP area is expected to accommodate approximately 3,700 dwellings and a population in the range of 10,200 to 11,400 at full development.

16. These estimates include the area noted as 'future residential area' in the FUS, which is also identified as being within a buffer area for the Phillips Quarry.

Table 1: Shenstone Park PSP, Dwellings and Population at Full Development

Variable	Estimate
Residential NDA (ha)	193.6
Average Dwellings / Hectare (ha)	18.9
Dwellings	3,659
Population at 2.8 Persons / Dwelling	10,246
Population at 3.1 Persons / Dwelling	11,344

Source: Draft PSP, Table 3

Activity Centres

17. A Local Town Centre is allocated to the precinct, along with two local convenience centres (one in the residential area and one in the employment area).

18. The general size and composition of centres is summarised in the table below.

Table 2: Proposed Activity Centres in Shenstone Park

Centres	Local Town Centre	Local Convenience Centre - East	Local Convenience Centre - West
Site area (ha)	2.4	0.4	0.2
Retail floorspace (sqm)	6,000	1,000	500
Commercial Floorspace (sqm)	2,500	200	200
Profile	Full-line supermarket with speciality retail and commercial floorspace; co-located with community facilities and open space; includes high density housing	Convenience store(s), café	Convenience store(s)

Source: Draft PSP, Table 4

19. In my opinion, the allocation of centres in the PSP is generally appropriate. Further information on activity centre economics is shown later in this statement.

Estimated Jobs

20. The draft PSP estimates that the employment uses in the residential area (i.e. retail, commercial and community uses) will support approximately 630 jobs. The ratios adopted to generate that estimate are appropriate and the total estimate is reasonable in my opinion.

21. The estimate of jobs in the employment (i.e. industrial) area applies 30 jobs per hectare. That ratio is an appropriate average for suburban industrial areas. That ratio approximates to one job for every 100 sqm to 140 sqm of floorspace (where site coverage ratios average between 30% to 40%). I have

not examined whether this employment density is appropriate for a blast area or not. That topic that requires investigation and confirmation.

Infrastructure Contributions

- 22. An Infrastructure Contributions Plan (ICP) is required to be prepared and implemented for the PSP area.
- 23. In my opinion roads and other infrastructure that are needed by the Woody Hill Quarry and Phillips Quarry should be delivered (or paid for) by the quarry developments, in proportion to the need and share of use (i.e. demand loading) on infrastructure by those developments. The ICP should take this matter into account when it is prepared.

5.0 ECONOMIC CONTRIBUTION OF FUTURE RESIDENTIAL AREA

Purpose

- 24. The following assessment measures the scale of economic activity that could be supported by residential development of land within the area noted as 'future residential area' within the PSP, for the benefit of the Panel.
- 25. My assessment does not focus on the Woody Hill Quarry or its buffers. The buffers for the Woody Hill Quarry do not significantly impact on residential land development, which is the focus of my statement.
- 26. Industrial development is proposed for land within the Woody Hill Quarry buffer area. The suitability of the proposed land uses should be confirmed before the PSP is finalised.

Phillips Quarry

- 27. The 'future residential area' corresponds to an area which is said to be required as a buffer for the Phillips Quarry.
- 28. It is my understanding that the quarry owner, Barro Group, is applying for approvals and proposes to operate the quarry for approximately 50 years.
- 29. It is understood that the Phillips Quarry is likely to be accessed to the north through the proposed PSP rather than to the south. If so, this access will need to be accommodated in the PSP and associated planning approvals for the site.
- 30. A contribution towards the cost of PSP roads used by the Phillips Quarry should be made by the quarry at development approvals stage.

Potential Economic Contribution of Future Residential Area

31. The future residential area within the buffer is estimated to cover 17.5 ha of NDA and have capacity to (all dollar values shown in 2020 dollars):
- Accommodate approximately 300 dwellings and 920 residents.
 - Support direct construction investment of \$112 million (m) in the PSP area.
 - Support 47 ongoing jobs within the PSP area and a further 74 ongoing jobs in other locations at full development.
 - Support \$11.3m of retail spending per annum across the retail economy.
 - Support around 610 sqm of retail space in the PSP area, which equates to six to eight speciality shops.
 - Support approximately 8% of the PSP's retail, commercial and community floorspace.
 - Contribute approximately \$3.8m to ICP funds. This sum would be delayed until the area develops.
32. The buffer for the Phillips Quarry would not make the PSP unviable in economic terms but would delay achievement of the PSP's full potential until the buffer is removed.
33. The Local Town Centre in the north of the PSP area can be established without the future residential area, but will be smaller (approximately 5,500 sqm) during the life of the buffer. The role of the centre would not be affected significantly.

Data Tables

34. The data tables that support the above findings are shown below.
35. The following table shows the future residential area is estimated to account for 9% of residential NDA and approximately 8% of dwellings and population in the PSP area.

Table 3: Estimated Land Area, Dwellings and Population

Variable	Total	Future Residential Area	Share
Residential NDA (ha)	193.6	17.5	9.0%
Average Dwellings / Hectare (ha)	18.9	17.0	-
Dwellings	3,659	298	8.1%
Population at 2.8 Persons / Dwelling	10,245	833	8.1%
Population at 3.1 Persons / Dwelling	11,343	922	8.1%

36. The following table shows the estimated scale of direct construction investment (not including multipliers) that would be supported by the future residential area. This includes construction of the area and retail, commercial and community floorspace supported by the population in the PSPs activity centres.

Table 4: Estimated PSP Investment Supported by the Future Residential Area

Investment Type	Residential Area Excluding Future Residential Area	Future Residential Area	Total
Infrastructure Construction*	\$352,240,000	\$35,000,000	\$387,240,000
Dwelling Construction*	\$840,375,000	\$74,375,000	\$914,750,000
Retail Construction**	\$17,225,506	\$1,524,494	\$18,750,000
Office Construction**	\$6,660,529	\$589,471	\$7,250,000
Community Facility Construction**	\$6,660,529	\$589,471	\$7,250,000
Total Estimate	\$1,223,161,563	\$112,078,437	\$1,335,240,000

*Investment within the Future Residential Area

**Investment supported by the population of the Future Residential Area within the PSP area

37. The following table shows the estimated scale of direct employment (not including multipliers) that would be supported by the future residential area. Overall the residential area would support approximately 121 jobs across the economy of which 47 would be located within the PSPS's activity centres.

38. Note that the following job estimates are based on HillPDA analysis and differ slightly from the PSP's estimates (but are effectively the same).

Table 5: Estimated Jobs Supported by the Future Residential Area

Sector	Residential Area Excluding Future Residential Area	Future Residential Area	Total
Retail	197	17	214
Commercial	133	12	145
Community Facility	31	3	34
Home Based Business	168	15	183
Total Jobs Within PSP Area	529	47	576
<i>Other Jobs External to PSP Area</i>	<i>841</i>	<i>74</i>	<i>916</i>

39. The following table shows the estimated scale of retail activity supported by the future residential area.

- It is noted that the PSP seeks to achieve a market share target equivalent to 30% of demand supported by the PSP's residents at full development. This target is on the high end of a reasonable range for local and convenience centres, but deemed appropriate for planning purposes.
- The future residential area would support around 610 sqm of retail space in the PSP area, which equates to six to eight speciality shops.

Table 6: Estimated Retail Activity Supported by the Future Residential Area

Variable	Residential Area Excluding Future Residential Area	Future Residential Area	Total
Population (Using Higher Estimate)	10,421	922	11,343
Retail Expenditure Supported by Population	\$127,746,748	\$11,305,863	\$139,052,611
Retail Floorspace Supported by Population (sqm)	22,925	2,029	24,954
Retail Floorspace Planned Within PSP (sqm)	-	-	7,500
Target Market Share	-	-	30.1%
Target Retail Floorspace (sqm)	6,890	610	7,500
Revised Floorspace for LTC (sqm)	5,512		
Revised Floorspace for LCC East (sqm)	919		
Revised Floorspace for LCC West (sqm)	459		

6.0 CONCLUSION AND DECLARATION

40.I conclude that the future residential area has potential to contribute a significant level of investment and employment if and when it can be developed. A summary of the economic impacts is shown in paragraph 31.

41.I further conclude that economic issues that require further consideration and resolution include:

- Suitability of land uses and employment densities within the Woody Hill Quarry buffer area.
- Infrastructure contributions for the PSP area and the share of infrastructure works and costs that should be allocated to the Woody Hill Quarry and Phillips Quarry.

42.I provide this statement for the benefit of the Panel.

43.I have made all the inquiries that I believe are desirable and appropriate and no matters of significance which I regard as relevant have, to my knowledge, been withheld from the Panel.



Alex Hrelja

Principal, Hill PDA Pty Ltd

28 October 2020

ATTACHMENT 1: ABOUT HillPDA

HillPDA is a specialist consulting firm with a highly skilled and experienced team of economists, valuers and urban planners.

Established in 1990, it has successfully gained an enviable reputation for professional, unbiased and independent advice. Today we are respected for our creative, diligent and balanced approach to all facets of our consultancy activities. The strengths of the practice are derived from the depth and breadth of our experience, our multidisciplinary expertise and our determination to ensure the highest level of professionalism and integrity.

At the heart of the HillPDA service is independence, integrity and creativity. It is a service that reflects experience, enthusiasm and dedication. It is a service that provides the advantage of a fully integrated multi-disciplinary capability.

Our client base is equally diverse, ranging from Commonwealth, State and Local Government agencies, financial institutions, development organisations, private corporations, professional firms and both large and small landowners and investors.

In the provision of advice in property land economics, HillPDA has considerable experience throughout Australia and internationally. This experience extends from the broad strategic level to detailed site-specific investigations and analysis.

HillPDA was the author of Estate Master property software. In 1991, HillPDA began developing the Estate Master software, and since then it has developed into a suite of powerful, flexible and easy-to-use property development software. Its financial models play a pivotal role in decision-making between developers, financiers and valuers for development feasibility, development management and valuation practices.

Our core value adding service areas embrace:

- Property economics
- Planning
- Valuation
- Advisory

ATTACHMENT 2: ALEX HRELJA

Alex Hrelja

Principal, HillPDA

- Master of Business (Property) (RMIT University)
- Master of Urban Planning (University of Melbourne)
- Bachelor of Planning and Design (First Class Honours) (University of Melbourne)
- Member Planning Institute of Australia

Alex manages HillPDA's Melbourne office. Alex is a specialist in property economics, urban economics, strategic planning and economic development and has over 25 years of consultancy experience in those fields.

Alex has worked across Australia in his fields of expertise. Clients include local, state and Commonwealth governments, developers and infrastructure agencies. Much of his work is based on an expert understanding of regional economic and social patterns and drivers, reviewing supply side conditions and forecasting demand conditions for specific projects to complex urban and regional development areas. His work ranges from feasibility studies for specific sites through to regional urban economic plans for all land use sectors, such as growth corridor economic plans.

His specific areas of expertise are:

- Property Advisory and Feasibility Studies (Estate Master)
- Market Research and Demand Studies
- Urban Economics for Growth Areas and Activity Centres
- Retail Economics and Impact Studies
- Industrial Land Strategies
- Infrastructure Funding and Development Contributions
- Economic Development
- Community Facility Provision Plans

Prior to joining HillPDA, Alex was a Director of an urban economics consultancy firm for eight years. He has also worked in research roles in higher education

and in strategic planning and economic development roles within public agencies. A brief sample of Alex's project experience follows.

Market Research and Demand Studies

A sample of market research and demand studies follows.

- Wallan South and Wallan East PSP Retail and Economic Assessment, Victorian Planning Authority
- Major Activity Centres Supply and Demand Study, City of Stonnington
- Plumptre and Kororoit PSP Economic Assessment, Victorian Planning Authority
- Tarneit Major Town Centre Economic Impact Assessment and Alternative Design and Development Outcomes, Global South and Wyndham City Council
- Retail and Economic Assessment for PSP74 and PSP75 (Sunbury Township), Victorian Planning Authority
- Golden Plains Land Use Economic Modelling, Golden Plains Shire Council
- Land Strategy, Greater Metropolitan Cemeteries Trust (GMCT)
- Property Strategy and Business Case (Industrial and Commercial Property in Victoria), APA Group
- Market Research and Feasibility Analysis, VicTrack
- Torquay Major Landholding Study, Surf Coast Shire Council
- Property Advisory Services, Australian Gas Infrastructure Group
- Housing Market Research and Feasibility Analysis, Hume City Council
- Dowling Forest Precinct Property Market and Economic Analysis, City of Ballarat
- Economic Assessment for Distinctive Areas and Landscape Assessment, Department of Environment, Land, Water and Planning
- Braybrook Regeneration Project, Victorian Planning Authority
- Feasibility Study for Defence Site Maribyrnong, Victorian Planning Authority
- Boronia Renewal Project – Economic Demand, Land and Site Options Analysis, Knox City Council
- Thomastown Industrial Land Study, City of Whittlesea
- Truganina Property Market Research, Landowner

- Fishermans Bend Urban Renewal Area Business Case Inputs, Aurecon for Fishermans Bend Taskforce
- Commercial Office Market Assessment, Mirvac
- Valuation Advice Budget Estimates for Proposed School Sites, Department of Education (Victoria)

Gazetted DCPs

Alex has prepared numerous development contribution plans covering the full spectrum of infrastructure across all development settings. Those that have been formally gazetted in Planning Schemes are listed below.

- Yarra DCP (schedule for commencement in 2021)
- Sunshine Town Centre DCP
- Banyule Municipal DCP
- Brimbank Municipal DCP
- Baw Municipal DCP
- Mildura South Growth Area DCP
- Mildura South Growth Area DCP No. 2
- Irymple-Nichols Point Rural and Industrial Areas DCP
- Fountain Gate-Narre Warren CBD Activity Centre DCP
- Cranbourne North Growth Area and Activity Centre DCP
- Epping Central Activity Centre and Industrial Areas DCP
- Torquay Jan Juc Township and Growth Areas DCP
- Diamond Creek Low Density Residential Area DCP

Gazetted Open Space Levies

Alex has also prepared gazetted open space levy schemes that apply in Victorian Planning Schemes.

- Brimbank Open Space Contributions Levy
- Moreland Open Space Contributions Levy
- Banyule Open Space Contributions Levy



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